

**SALES AND USE TAX REVIEW COMMISSION
RECOMMENDATION PURSUANT TO P.L. 1999, C. 416**

BILL NUMBER:

S-2462

DATE OF INTRODUCTION:

01/09/07

SPONSOR:

Senator McNamara
Senator Littell

DATE OF RECOMMENDATION:

02/07/07

IDENTICAL BILL:

COMMITTEE: Senate Budget and Appropriations Committee

DESCRIPTION:

The Bill provides for an exception to the imposition of sales and use tax on membership fees and other related fees charged by lake associations.

ANALYSIS:

The New Jersey Sales and Use Tax Act was recently amended to impose tax on "initiation fees, membership fees or dues for access to or use of the property or facilities of a health and fitness, athletic, sporting or shopping club or organization in this State, except from membership in a club or organization whose members are predominantly age 18 or under."

Passage of the proposal purports to promote the existence of private lake associations, which are said to serve an economic and environmental purpose in lake communities.

The Commission notes that these associations may utilize a portion of these fees to maintain property but also use these funds to allow for exclusive access rights and uses of said property. As such, the underlying purpose of the sales tax imposition on membership and related fees seems appropriate. Further, the tax is not directly imposed upon the nonprofit association; rather, its consumers and membership seeking exclusive access.

RECOMMENDATION:

The Commission does not recommend enactment of this Bill.

COMMISSION MEMBERS FOR PROPOSAL: 0

COMMISSION MEMBERS AGAINST PROPOSAL: 9

COMMISSION MEMBERS ABSTAINING: 0

SG